MediaZest Plc

Half-yearly unaudited results for the six months ended 30 September 2011

CHAIRMAN’S STATEMENT

Introduction

The results for MediaZest Plc (“MediaZest”, the “Company”, and collectively with its wholly owned subsidiary, TouchVision Limited, the “Group”) reflect the six-month period to 30 September 2011 and incorporate the results of its wholly owned subsidiary.

Financial Review

Revenue for the period was £1,746,000 (2010 - £1,080,000) and the Group made a loss for the period, after taxation, of £151,000 (2010 – loss of £109,000) after finance costs of £42,000 (2010 – £32,000) and having paid administrative expenses of £754,000 (2010 - £595,000). The basic and fully diluted loss per share was 0.054p (2010 – 0.065p). The Group had cash in hand of £139,000 (2010 - £2,000) at the period end. EBITDA was a loss of £103,000 (2010 – loss of £68,000).

Operational Review

The Group operates, currently, two trading businesses: TouchVision (“TV”) and MediaZest Ventures (“MV). TV trades as an audio visual supply and installation company whilst MV operates as a digital out of home creative agency.

The results for the period demonstrate a significant increase in turnover in comparison to the corresponding period in 2010. Turnover for the period was almost as much as was achieved in the whole of the year ended 31 March 2011. The source of this increase in revenue was due largely to enhanced spending from existing retail customers, such as O2, HMV and JD Sports, as well as the securing of business from new clients such as West Bromwich Building Society.

Business in the Education market is challenging. Government cut backs have affected the sector as a whole and margins are under pressure. Whilst we made progress in covering a wider range of educational institutions due to our inclusion on the consortium panel much of our business in this sector was derived from lower margin equipment sales rather than full scale refurbishments and installations. Notwithstanding, we were contracted to perform a major installation with a south eastern based university as well as smaller pieces of work with other educational establishments.

The Group continued to monitor its cost base closely and looked to trim costs where possible without compromising the ability of the Group to generate revenue. James Abdool joined the Group as Sales Director in the period and has been responsible for introducing meaningful new business to the Group. Touchvision, the operating company within the Group, traded profitably for the period but as yet is not generating enough revenue to absorb the entirety of Group overhead which along with Group financing costs accounted, largely, for the period loss of £151,000.

Outlook

The Group will continue to place emphasis on MV’s retail offering complemented by the high quality engineering and installation services that TV provides. Further hiring of experienced personnel in these areas is anticipated to enhance the Group’s revenue. Furthermore, the Group will continue to place emphasis on improving the quality of its revenues with the longer term objective of covering monthly overhead in its entirety from this source. We have increased the flexibility of our business model by acquiring a number of high demand capital items, some at extremely favourable prices, for hire/long term rental to customers. The purpose of this is to take advantage of campaign business which may not be financially viable if the equipment needed to be purchased by the client. This is already proving to be beneficial and the Group continues to look for opportunities to extend this activity, particularly with a number of high profile events in the next 12 months.

In terms of cost reductions, several property leases that the Group inherited at the time of its acquisition of TV expire within the next few months and these are unlikely to be renewed. Financing costs remain high and the Group is negotiating with the providers of credit to provide improved terms going forward.

The business that the Group's subsidiary conducts is in essence project based and whilst progress has been made in changing both the business and revenue mixes this is likely to persist in the near term. Therefore, it is important to both retain and enhance existing clients and to bring on board new ones that can generate a better quality of revenue stream wherever possible. To this effect we expect to carry out installations for several overseas concerns that are entering the European market and have quoted on some significant projects with major companies as well as several trials with large retail concerns.

12 December 2011

Lance O'Neill
Chairman

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Notes	Unaudited Six months 30-Sep-11 £'000	Unaudited Six months 30-Sep-10 £'000	Audited 12 months 31-Mar-11 £'000
Continuing Operations				
Revenue		1,746	1,080	1,918
Cost of sales		(1,095)	(553)	(957)
Gross profit		651	527	961
Administrative expenses		(754)	(595)	(1,315)
EBITDA		(103)	(68)	(354)
Administrative expenses - depreciation		(6)	(9)	(20)
Operating loss		(109)	(77)	(374)
Interest expense		(42)	(32)	(83)
Loss before taxation		(151)	(109)	(457)
Taxation		-	-	-
Retained loss and total comprehensive loss on ordinary activities after taxation		(151)	(109)	(457)
Loss per ordinary share				
Basic	**2**	(0.061p)	(0.065p)	(0.252p)
Diluted	**2**	(0.061p)	(0.065p)	(0.252p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2011

	Unaudited As at 30-Sep-11 £'000	Unaudited As at 30-Sep-10 £'000	Audited As at 31-Mar-11 £'000
Non-current assets			
Goodwill	2,772	2,772	2,772
Property, plant and equipment	40	42	32
Total non-current assets	2,812	2,814	2,804
Current assets			
Inventories	156	116	120
Trade and other receivables	759	580	523
Cash and cash equivalents	139	2	365
Total current assets	1,054	698	1,008
Current liabilities			
Trade and other payables	(1,246)	(915)	(1,008)
Financial liabilities	(496)	(419)	(521)
Total current liabilities	(1,742)	(1,334)	(1,529)
Net current liabilities	(688)	(636)	(521)
Non-current liabilities			
Financial liabilities	(17)	-	(25)
Total non-current liabilities	(17)	-	(25)
Net assets	2,107	2,178	2,258
Equity			
Share Capital	2,507	2,428	2,507
Share premium account	3,929	3,580	3,929
Other reserves	7	7	7
Retained earnings	(4,336)	(3,837)	(4,185)
Total equity	2,107	2,178	2,258

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Share Capital £'000	Share Premium £'000	Share Options Reserves £'000	Retained Earnings £'000	**Total Equity £'000**
Balance at 31 March 2010	2,428	3,580	7	(3,728)	**2,287**
Loss for the period	-	-	-	(109)	**(109)**
Total comprehensive income for the period	-	-	-	(109)	**(109)**
Balance at 30 September 2010	2,428	3,580	7	(3,837)	**2,178**
Loss for the period	-	-	-	(348)	**(348)**
Total comprehensive income for the period	-	-	-	(348)	**(348)**
Issue of share capital	79	361	-	-	**440**
Share issue costs	-	(12)	-	-	**(12)**
Balance at 31 March 2011	2,507	3,929	7	(4,185)	**2,258**
Loss for the period	-	-	-	(151)	**(151)**
Total comprehensive income for the period	-	-	-	(151)	**(151)**
Balance at 30 September 2011	2,507	3,929	7	(4,336)	**(2,107)**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Note	Unaudited Six months 30-Sep-11 £'000	Unaudited Six months 30-Sep-10 £'000	Audited 12 months 31-Mar-11 £'000
Cash flows from operating activities				
Cash used in operations	**3**	(137)	(331)	(423)
Net cash used in operating activities		(137)	(331)	(423)
Cash flows from investing activities				
Purchase of property, plant and equipment		(14)	(3)	(4)
Net cash used in investing activities		(14)	(3)	(4)
Cash flow from financing activities				
Bank loan		-	48	50
Repayment of borrowings		(8)	-	(9)
Shareholder loans		-	81	325
Shareholder repayments		(25)	-	(110)
Interest paid		(42)	(32)	(83)
Net proceeds on issue of shares		-	-	440
Share issue costs		-	-	(12)
Net cash (used in)/generated from financing activities		(75)	97	601
Net (decrease)/increase in cash and cash equivalents		(226)	(237)	174
Cash and cash equivalents at beginning of period		151	(23)	(23)
Cash and cash equivalents at end of period	4	(75)	(260)	151

NOTES TO THE FINANCIAL INFORMATION

1. Basis of preparation

The Group's annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU applied in accordance with the provisions of the Companies Act 2006 applicable to companies preparing financial statements under IFRS.

Accordingly, the consolidated half-yearly financial information in this report has been prepared using accounting policies consistent with IFRS. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be applicable as at 31 March 2012.

This interim report does not comply with IAS 34 "Interim Financial Reporting" (as adopted by the European Union), as permissible under the AIM Rules for Companies.

Going Concern

The Directors have considered financial projections based upon known future invoicing, existing contracts, pipeline of new business and the number of opportunities it is currently working on, particularly in the retail sector. In addition, these forecasts have been considered in light of the ongoing economic difficulties in the UK and global economy, previous experience of the markets in which the company operates and the seasonal nature of those markets, as well as the likely impact of ongoing reductions to public sector spending. These forecasts indicate that the company will generate sufficient cash resources to meet its liabilities as they fall due over the 12 month period from the date of this interim announcement.

As a result the directors consider that it is appropriate to draw up the accounts on a going concern basis. Accordingly, no adjustments have been made to reflect any write downs or provisions that would be necessary should the Group prove not to be a going concern, including further provisions for impairment to goodwill and investments in Group companies.

Non-statutory accounts

The financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ("the Act").

The statutory accounts for the year ended 31 March 2011 have been filed with the Registrar of Companies. The report of the auditors on those statutory accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Act. The financial information for the six months ended 30 September 2011 and 30 September 2010 is not audited.

2. Loss per share

Basic loss per share is calculated by dividing the loss attributed to ordinary shareholders of £151,000 (2010 - £109,000) by the weighted average number of shares during the period of 247,625,327 (2010 – 167,625,327). The diluted loss per share is identical to that used for basic loss per share as the exercise of warrants would have the effect of reducing the loss per share and therefore is not dilutive under International Accounting Standard 33 "Earnings per Share".

3. CASH GENERATED FROM/(USED IN) OPERATIONS

	Unaudited Six months 30-Sep-11 £'000	Unaudited Six months 30-Sep-10 £'000	Audited 12 months 31-Mar-11 £'000
Operating loss	(109)	(77)	(374)
Depreciation of tangible assets	6	9	20
Increase in inventories	(36)	(22)	(26)
Increase in payables	238	84	225
Increase in receivables	(236)	(325)	(268)
Cash used in operations	(137)	(331)	(423)

4. CASH AND CASH EQUIVALENTS

	Unaudited Six months 30-Sep-11 £'000	Unaudited Six months 30-Sep-10 £'000	Audited 12 months 31-Mar-11 £'000
Cash held at bank	139	2	365
Invoice discounting facility	(214)	(262)	(214)
	(75)	(260)	151

5. Distribution of the Half-yearly Report

Copies of the Half-yearly Report will be available to the public from the Company website, www.mediazest.com, and from the Company Secretary at the Company's registered address at 3rd Floor, 16 Dover Street, London W1S 4LR.

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